

## Message Text

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ACTION OPIC-06

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C O N F I D E N T I A L MANILA 15545

PLEASE PASS TO MAYS - OPIC FROM GREGG

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E.O. 11652: GDS

TAGS: ENIV, JM,

SUBJECT: OPIC MATTERS: GREGG MEETING WITH BROWN OF JAMAICA

1. ON OCTOBER 5 GREGG MET WITH G. ARTHUR BROWN, GOVERNOR  
CENTRAL BANK OF JAMAICA AND SPOKE BRIEFLY WITH DAVID H. COORE,  
DPM AND M.F. SINCE OFFICE NEAR U.S.A. AT MEETING,  
AND NOEL CHIN OF THE DEVELOPMENT BANK. DISCUSSED WITH  
BROWN HIS PERCEPTION OF THE BAUXITE NEGOTIATIONS, BASED  
UPON HIS KNOWLEDGE OF ABOUT ONE WEEK AGO, HE FEELS  
ALCOA WILL BE SIGNED SHORTLY. KAISER IS ONLY HELD UP ON  
ACCOUNT OF A DIFFERENCE REGARDING DEPRECIATION. AS TO  
REVERE HE SAID A DIFFICULT PROBLEM DUE TO THE UNECONOMIC  
NATURE OF THE PLANT. BROWN WAS KNOWLEDGEABLE ABOUT S-W  
DISCUSSIONS IN A BROAD SENSE. GREGG DISCUSSED WITH HIM  
THAT A PLANT MAY BECOME ECONOMIC IF THE SIZE BECOME  
SUBSTANTIAL ENOUGH AND IS PROPERLY MANAGED. GREGG ALSO  
MENTIONED THAT REPRODUCTION COST WOULD BE SUBSTANTIALLY  
MORE THAN REVERE'S ORIGINAL COST. HE VOLUNTEERED THAT  
IT COULD BE AS MUCH AS \$200 MILLION. GREGG THEN MENTIONED  
THE FIGURE HAD HEARD USED BY JAMAICA SOUNDED LIKE A  
TRADING ONE AND BROWN DID NOT DISAGREE.

2. THEN BROWN AND GREGG DISCUSSED THE ADVERSE AFFECTS ON  
JAMAICA OF THE DRAWN OUT BAUXITE NEGOTIATIONS--BOTH AS TO  
INVESTMENT CLIMATE FOR NEW INVESTMENT AND FOR HEAVY  
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MAINTENANCE INVESTMENT. FURTHERMORE THE UNSETTLED PICTURE

CLEARLY EFFECTS ITS CREDIT POSTURE. THE BANK OF NOVA SCOTIA MET WITH BROWN JUST BEFORE AND HE STATED TO GREGG HE WAS CONCERNED WITH THE BAUXITE SITUATION ALSO WITH BROWN PRESENT.

3. GREGG MENTIONED BRIEFLY TO BROWN (1) THE IDEA OF A "JOINT VENTURE" BETWEEN GOJ AND SOMEONE LIKE S-W AND THE FACT THAT THE PLANT NEEDED SOME ADDED INVESTMENT. (2) THE POSSIBILITY A DEAL COULD BE WORKED OUT BY WHICH EVERYONE COULD COME OUT WHOLE IF THE EXPANDED OPERATION SUCCEEDED. THIS SEEMED TO APPEAL TO HIM. SUGGESTED TO BROWN THE IDEA OF A COMMODITY BOND TO RAISE JAMAICA'S SHARE OF THE PLANT EXPANSION OR A FINANCING AGAINST PURCHASE CONTRACTS BY USERS. LASTLY GREGG STATED THAT WHEN VIEWED BY FINANCIAL MEN LIKE BROWN MAYBE A DEAL COULD BE WORKED, BUT IF NOT HE MIGHT WANT TO CONSIDER SOME ONE LIKE KUHN LOEB TO ASSIST IN STRUCTURING. BROWN STATED THAT GOJ IS STILL CLOSE TO K.L. AND IT MIGHT BE A GOOD IDEA. HE APPEARS ANXIOUS TO SEE THE PROBLEM WORKED OUT.

4. AS TO SAFETY IN JAMAICA HE STATED CRIME WAS DOWN 50 PERCENT SINCE MARTIAL LAW.

5. DISCUSSED BRIEFLY INTERNATIONAL RESOURCE BANK WITH HIM. HE MENTIONED THE IDEA WAS NOT WELL PRESENTED, BUT HE COULD SEE THE ADANTAGES OF IT. SIMILAR OPINION WAS EXPRESSED BY BOTSWANA REPRESENTATIVE.  
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